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Introduced and read first time: February 8, 2001
Assigned to: Economic Matters and Ways and Means

Committee Report: Favorable with amendments
House action: Adopted
Read second time: March 19, 2001

CHAPTER _____

1 AN ACT concerning

2 **Smart Growth - Arts and Entertainment Districts**

3 FOR the purpose of authorizing the Secretary of the Department of Business and
4 Economic Development to designate one or more arts and entertainment
5 districts within which certain tax benefits would apply; establishing an
6 application process for a county or municipal corporation to apply to the
7 Secretary to designate an area as an arts and entertainment district;
8 ~~establishing the Art and Entertainment Districts Fund; authorizing certain uses~~
9 ~~of the moneys in the Fund; exempting certain projects from certain procurement~~
10 ~~laws requiring the Secretary to adopt certain regulations; authorizing certain~~
11 financial assistance to be provided from the Maryland Economic Development
12 Financing Assistance Fund within the Department to arts and entertainment
13 enterprises and for arts and entertainment projects; defining certain terms;
14 altering certain definitions; limiting property tax credits under this Act to ten
15 years; and generally relating to the establishment of arts and entertainment
16 districts in which certain tax benefits would apply and to the provision of
17 financial assistance to arts and entertainment enterprises and for arts and
18 entertainment projects.

19 BY adding to
20 Article 83A - Department of Business and Economic Development
21 Section 4-701 through 4-703, inclusive, to be under the new subtitle "Subtitle 7.
22 Arts and Entertainment Districts"; and 5-1401(d), (e), and (f) and 5-1410
23 Annotated Code of Maryland
24 (1998 Replacement Volume and 2000 Supplement)

1 BY repealing and reenacting, with amendments,
 2 Article 83A - Department of Business and Economic Development
 3 Section 5-1401(d) through (s), 5-1402, 5-1405(b) and (c), 5-1410, and 5-1411
 4 Annotated Code of Maryland
 5 (1998 Replacement Volume and 2000 Supplement)

6 BY adding to
 7 Article - Tax - General
 8 Section 4-104(e), ~~10-207(v), and 11-229~~
 9 Annotated Code of Maryland
 10 (1997 Replacement Volume and 2000 Supplement)

11 BY adding to
 12 Article - Tax - Property
 13 Section 9-239
 14 Annotated Code of Maryland
 15 (1994 Replacement Volume and 2000 Supplement)

16 SECTION 1. BE IT ENACTED BY THE GENERAL ASSEMBLY OF
 17 MARYLAND, That the Laws of Maryland read as follows:

18 **Article 83A - Department of Business and Economic Development**

19 SUBTITLE 7. ARTS AND ENTERTAINMENT DISTRICTS.

20 4-701.

21 (A) (1) IN THIS SECTION THE FOLLOWING WORDS HAVE THE MEANINGS
 22 INDICATED.

23 (2) (I) "ARTISTIC WORK" MEANS AN ORIGINAL AND CREATIVE WORK,
 24 WHETHER WRITTEN, COMPOSED, OR EXECUTED, THAT FALLS INTO ONE OF THE
 25 FOLLOWING CATEGORIES:

- 26 1. A BOOK OR OTHER WRITING;
- 27 2. A PLAY OR PERFORMANCE OF A PLAY;
- 28 3. A MUSICAL COMPOSITION OR THE PERFORMANCE OF A
 29 MUSICAL COMPOSITION;
- 30 4. A PAINTING OR OTHER PICTURE;
- 31 5. A SCULPTURE;
- 32 6. TRADITIONAL AND FINE CRAFTS;

1 7. THE CREATION OF A FILM OR THE ACTING WITHIN A FILM;
2 OR

3 8. THE CREATION OF A DANCE OR THE PERFORMANCE OF A
4 DANCE.

5 (II) "ARTISTIC WORK" INCLUDES ANY PRODUCT GENERATED AS A
6 RESULT OF ANY OF THE CATEGORIES LISTED UNDER SUBPARAGRAPH (I) OF THIS
7 PARAGRAPH.

8 (III) "ARTISTIC WORK" DOES NOT INCLUDE ANY PIECE OR
9 PERFORMANCE CREATED OR EXECUTED FOR INDUSTRY-ORIENTED OR
10 INDUSTRY-RELATED PRODUCTION.

11 (3) "ARTS AND ENTERTAINMENT DISTRICT" MEANS A DEVELOPED
12 DISTRICT OF PUBLIC AND PRIVATE USES THAT:

13 (I) RANGES IN SIZE FROM A PORTION OF A COUNTY OR MUNICIPAL
14 CORPORATION TO A REGIONAL DISTRICT WITH A SPECIAL COHERENCE; AND

15 (II) IS DISTINGUISHED BY PHYSICAL AND CULTURAL RESOURCES
16 WHICH PLAY A VITAL ROLE IN THE LIFE AND DEVELOPMENT OF THE COMMUNITY
17 AND CONTRIBUTE TO THE PUBLIC THROUGH INTERPRETIVE, EDUCATIONAL, AND
18 RECREATIONAL USES.

19 (4) "ARTS AND ENTERTAINMENT ENTERPRISE" MEANS A FOR PROFIT OR
20 NONPROFIT ENTITY DEDICATED TO VISUAL AND PERFORMING ARTS.

21 (5) "QUALIFYING RESIDING ARTIST" MEANS AN INDIVIDUAL WHO:

22 (I) RESIDES AT LEAST 180 DAYS ANNUALLY IN AN ARTS AND
23 ENTERTAINMENT DISTRICT AND CONDUCTS A BUSINESS IN THE ARTS AND
24 ENTERTAINMENT DISTRICT; AND

25 (II) DERIVES INCOME FROM THE SALE OR PERFORMANCE WITHIN
26 THE ARTS AND ENTERTAINMENT DISTRICT OF AN ARTISTIC WORK THAT THE
27 INDIVIDUAL WROTE, COMPOSED, OR EXECUTED, EITHER SOLELY OR WITH ANOTHER
28 INDIVIDUAL.

29 (B) SUBJECT TO THE REQUIREMENTS OF THIS SECTION, THE MAYOR AND
30 CITY COUNCIL OF BALTIMORE CITY OR THE GOVERNING BODY OF A COUNTY OR
31 MUNICIPAL CORPORATION MAY APPLY TO THE SECRETARY FOR DESIGNATION OF AN
32 ARTS AND ENTERTAINMENT DISTRICT IN THE COUNTY OR MUNICIPAL CORPORATION
33 IN WHICH:

34 ~~(+) QUALIFYING RESIDING ARTISTS ARE ELIGIBLE FOR THE INCOME~~
35 ~~TAX SUBTRACTION MODIFICATION UNDER § 10-207(V) OF THE TAX GENERAL~~
36 ~~ARTICLE;~~

1 ~~(2) THE SALES AND USE TAX EXEMPTION UNDER § 11-229 OF THE TAX-~~
2 ~~GENERAL ARTICLE APPLIES;~~

3 ~~(3)~~ (1) A PROPERTY TAX CREDIT UNDER § 9-239 OF THE TAX -
4 PROPERTY ARTICLE APPLIES; AND

5 ~~(4)~~ (2) AN EXEMPTION FROM THE ADMISSIONS AND AMUSEMENT TAX
6 UNDER § 4-102 OF THE TAX - GENERAL ARTICLE APPLIES.

7 (C) AN ARTS AND ENTERTAINMENT DISTRICT SHALL BE A CONTIGUOUS
8 GEOGRAPHIC AREA OF A COUNTY THAT IS:

9 (1) WHOLLY WITHIN A PRIORITY FUNDING AREA AS PROVIDED UNDER §
10 5-7B-02 OF THE STATE FINANCE AND PROCUREMENT ARTICLE; OR

11 (2) WHOLLY WITHIN A DESIGNATED NEIGHBORHOOD AS DEFINED
12 UNDER ARTICLE 83B, § 4-202 OF THE CODE.

13 (D) ~~(4)~~ THE SECRETARY SHALL GIVE THE COMPTROLLER NOTICE OF THE
14 ESTABLISHMENT OF AN ARTS AND ENTERTAINMENT DISTRICT ON OR BEFORE JULY 1
15 PRIOR TO THE EFFECTIVE DATE OF ITS ESTABLISHMENT.

16 ~~(2) THE SUBTRACTION MODIFICATION UNDER § 10-207(V) OF THE TAX-~~
17 ~~GENERAL ARTICLE SHALL BE APPLICABLE TO ALL TAXABLE YEARS BEGINNING~~
18 ~~AFTER DECEMBER 31 OF THE YEAR IN WHICH THE NOTICE UNDER PARAGRAPH (1) OF~~
19 ~~THIS SUBSECTION IS PROVIDED.~~

20 ~~(3) THE SALES AND USE TAX EXEMPTION UNDER § 11-229 OF THE TAX-~~
21 ~~GENERAL ARTICLE SHALL TAKE EFFECT THE FIRST JANUARY 1 AFTER THE NOTICE~~
22 ~~UNDER PARAGRAPH (1) OF THIS SUBSECTION IS PROVIDED.~~

23 4-702.

24 (A) A COUNTY OR MUNICIPAL CORPORATION MAY APPLY TO THE SECRETARY
25 FOR DESIGNATION OF AN AREA WITHIN THAT POLITICAL SUBDIVISION AS AN ARTS
26 AND ENTERTAINMENT DISTRICT, BUT IF A COUNTY SEEKS TO DESIGNATE AN AREA
27 WITHIN A MUNICIPAL CORPORATION AS AN ARTS AND ENTERTAINMENT DISTRICT,
28 THEN THE GOVERNING BODY OF THE MUNICIPAL CORPORATION MUST FIRST
29 CONSENT.

30 (B) ANY COUNTY MAY APPLY TO THE SECRETARY ON BEHALF OF A
31 MUNICIPAL CORPORATION, WITH THE CONSENT OF THE MUNICIPAL CORPORATION,
32 FOR DESIGNATION OF ANY AREA WITHIN THAT MUNICIPAL CORPORATION AS AN
33 ARTS AND ENTERTAINMENT DISTRICT.

34 (C) TWO OR MORE POLITICAL SUBDIVISIONS MAY APPLY JOINTLY TO THE
35 SECRETARY FOR DESIGNATION OF AN AREA AS AN ARTS AND ENTERTAINMENT
36 DISTRICT WHICH MAY BE LOCATED ASTRIDE THEIR COMMON BOUNDARIES.

1 (D) THE APPLICATION SHALL BE IN THE FORM AND MANNER AND CONTAIN
2 SUCH INFORMATION AS THE SECRETARY MAY, BY REGULATION, DETERMINE,
3 PROVIDED THAT THE APPLICATION SHALL:

4 (1) CONTAIN INFORMATION SUFFICIENT FOR THE SECRETARY TO
5 DETERMINE IF THE CRITERIA ESTABLISHED IN §§ 4-701(A)(3) AND (C) OF THIS
6 SUBTITLE HAVE BEEN MET; AND

7 (2) BE SUBMITTED ON BEHALF OF THE POLITICAL SUBDIVISION BY ITS
8 CHIEF ELECTED OFFICER, OR, IF NONE, BY THE GOVERNING BODY OF THE POLITICAL
9 SUBDIVISION.

10 (E) (1) WITHIN 60 DAYS FOLLOWING ANY SUBMISSION DATE, THE
11 SECRETARY MAY DESIGNATE ONE OR MORE ARTS AND ENTERTAINMENT DISTRICTS
12 FROM AMONG THE APPLICATIONS SUBMITTED TO THE SECRETARY ON OR BEFORE
13 THAT SUBMISSION DATE.

14 (2) THE SECRETARY MAY NOT DESIGNATE MORE THAN 6 ARTS AND
15 ENTERTAINMENT DISTRICTS IN ANY 12-MONTH PERIOD.

16 (3) NO COUNTY MAY RECEIVE MORE THAN 1 AREA DESIGNATED AS AN
17 ARTS AND ENTERTAINMENT DISTRICT IN ANY CALENDAR YEAR.

18 (4) THE DETERMINATION OF THE SECRETARY AS TO THE AREAS
19 DESIGNATED AS ARTS AND ENTERTAINMENT DISTRICTS SHALL BE FINAL, EXCEPT
20 THAT, FOR ANY AREA NOT DESIGNATED AN ARTS AND ENTERTAINMENT DISTRICT, A
21 POLITICAL SUBDIVISION MAY REAPPLY AT ANY TIME TO THE SECRETARY FOR
22 DESIGNATION OF THAT AREA AS AN ARTS AND ENTERTAINMENT DISTRICT.

23 (F) A POLITICAL SUBDIVISION MAY APPLY TO THE SECRETARY FOR THE
24 EXPANSION OF AN EXISTING ARTS AND ENTERTAINMENT DISTRICT IN THE SAME
25 MANNER AS THE POLITICAL SUBDIVISION WOULD APPLY FOR THE DESIGNATION OF
26 A NEW ARTS AND ENTERTAINMENT DISTRICT.

27 4-703.

28 ~~(A) THERE IS AN ARTS AND ENTERTAINMENT DISTRICTS FUND IN THE~~
29 ~~DEPARTMENT ESTABLISHED AS A NONLAPSING, REVOLVING SPECIAL FUND~~
30 ~~MANAGED AND SUPERVISED BY THE SECRETARY.~~

31 ~~(B) THE FUND MAY CONSIST OF ANY OF THE FOLLOWING:~~

32 ~~(1) MONEYS APPROPRIATED IN THE STATE BUDGET;~~

33 ~~(2) MONEYS MADE AVAILABLE TO THE FUND THROUGH APPROPRIATE~~
34 ~~FEDERAL PROGRAMS OR PRIVATE CONTRIBUTIONS;~~

35 ~~(3) INCOME FROM INVESTMENTS THAT THE STATE TREASURER MAKES~~
36 ~~FROM MONEYS IN THE FUND;~~

1 (4) ~~REPAYMENTS OF PRINCIPAL AND INTEREST FROM LOANS MADE~~
2 ~~FROM THE FUND;~~

3 (5) ~~PROCEEDS FROM THE SALE, DISPOSITION, LEASE OR RENTAL BY THE~~
4 ~~DEPARTMENT OF COLLATERAL RELATED TO ANY FINANCING PROVIDED BY THE~~
5 ~~DEPARTMENT UNDER THIS SUBTITLE;~~

6 (6) ~~PREMIUMS, FEES, ROYALTIES, AND REPAYMENTS OF PRINCIPAL,~~
7 ~~INTEREST AND INVESTMENT PAID TO THE DEPARTMENT BY OR ON BEHALF OF AN~~
8 ~~ARTS AND ENTERTAINMENT ENTERPRISE IN WHICH THE DEPARTMENT HAS MADE~~
9 ~~AN EQUITY INVESTMENT, OR BY OR ON BEHALF OF AN INVESTOR PROVIDING AN~~
10 ~~INVESTMENT GUARANTEED BY THE DEPARTMENT UNDER THIS SUBTITLE;~~

11 (7) ~~RECOVERY OF ANY EQUITY INVESTMENT MADE BY THE~~
12 ~~DEPARTMENT IN AN ARTS AND ENTERTAINMENT ENTERPRISE, INCLUDING ANY~~
13 ~~ARRANGEMENT UNDER WHICH THE DEPARTMENT'S INVESTMENT IN THE ARTS AND~~
14 ~~ENTERTAINMENT ENTERPRISE IS RECOVERED THROUGH:~~

15 (I) ~~A REQUIREMENT THAT THE DEPARTMENT RECEIVE A~~
16 ~~PROPORTION OF CASH FLOW, COMMISSIONS, ROYALTIES, OR PAYMENTS ON A~~
17 ~~PATENT; OR~~

18 (II) ~~THE REPURCHASE FROM THE DEPARTMENT OF ANY EVIDENCE~~
19 ~~OF EQUITY PARTICIPATION, SUCH AS NOTES, STOCKS, BONDS OR DEBENTURES;~~

20 (8) ~~REPAYMENTS RECEIVED FROM CONDITIONAL GRANTS EXTENDED~~
21 ~~BY THE DEPARTMENT; AND~~

22 (9) ~~ANY OTHER MONEYS MADE AVAILABLE TO THE DEPARTMENT.~~

23 (C) (1) ~~THE DEPARTMENT MAY USE THE FUND FOR THE FOLLOWING~~
24 ~~PURPOSES:~~

25 (I) ~~TO MAKE GRANTS OR LOANS, AT A RATE OF INTEREST TO BE~~
26 ~~DETERMINED BY THE DEPARTMENT;~~

27 (II) ~~TO PROVIDE EQUITY INVESTMENT FINANCING FOR AN ARTS~~
28 ~~AND ENTERTAINMENT ENTERPRISE;~~

29 (III) ~~TO PROVIDE GUARANTEES OF LOANS, EQUITY, INVESTMENT, OR~~
30 ~~OTHER PRIVATE FINANCING TO EXPAND THE CAPITAL RESOURCES OF AN ARTS AND~~
31 ~~ENTERTAINMENT ENTERPRISE;~~

32 (IV) ~~TO PURCHASE ADVISORY SERVICES AND TECHNICAL~~
33 ~~ASSISTANCE TO ENABLE THE DEPARTMENT TO BETTER SUPPORT THE~~
34 ~~DEVELOPMENT OF ARTS AND ENTERTAINMENT ENTERPRISES; AND~~

35 (V) ~~TO PAY EXPENSES FOR ADMINISTRATIVE, LEGAL AND~~
36 ~~ACTUARIAL SERVICES FOR THE DEPARTMENT.~~

1 ~~(2) UNLESS OTHERWISE DETERMINED BY THE SECRETARY, MONEYS IN~~
2 ~~THE FUND THAT HAVE BEEN GENERATED BY A PARTICULAR DIVISION WITHIN THE~~
3 ~~DEPARTMENT SHALL BE ALLOCATED FOR THE USE OF THAT DIVISION.~~

4 ~~(D) (1) THE STATE TREASURER SHALL HOLD AND THE STATE~~
5 ~~COMPTROLLER SHALL ACCOUNT FOR THE FUND.~~

6 ~~(2) ANY INVESTMENT EARNINGS OF THE FUND SHALL BE PAID INTO~~
7 ~~THE FUND.~~

8 ~~(E) (1) SECTION 10-305 OF THE STATE FINANCE AND PROCUREMENT~~
9 ~~ARTICLE DOES NOT APPLY TO ANY SALE, LEASE, TRANSFER, EXCHANGE, OR OTHER~~
10 ~~DISPOSITION OF ANY REAL OR PERSONAL PROPERTY ACQUIRED BY THE~~
11 ~~DEPARTMENT IN ANY TRANSACTION AUTHORIZED UNDER THIS SUBTITLE,~~
12 ~~INCLUDING SHARES OF STOCK IN AN ARTS AND ENTERTAINMENT ENTERPRISE.~~

13 ~~(2) THE DEPARTMENT SHALL CONSULT WITH THE OFFICE OF THE~~
14 ~~TREASURER IN CONNECTION WITH ANY PROPOSED DISPOSITION OF PROPERTY~~
15 ~~ACQUIRED BY THE DEPARTMENT UNDER THIS SUBTITLE.~~

16 ~~(F) DIVISION II OF THE STATE FINANCE AND PROCUREMENT ARTICLE DOES~~
17 ~~NOT APPLY TO THE DEPARTMENT FOR SERVICES RELATED TO THE INVESTMENT,~~
18 ~~MANAGEMENT, ANALYSIS, PURCHASE, OR SALE OF ASSETS OF THE DEPARTMENT IN~~
19 ~~ANY TRANSACTION AUTHORIZED UNDER THIS SUBTITLE.~~

20 THE SECRETARY SHALL ADOPT REGULATIONS TO SPECIFY CRITERIA AND
21 PROCEDURES FOR APPLICATION FOR AND DESIGNATION OF ARTS AND
22 ENTERTAINMENT DISTRICTS.

23 5-1401.

24 ~~(D) "ARTS AND ENTERTAINMENT DISTRICT" MEANS AN AREA DESIGNATED~~
25 ~~UNDER TITLE 4, SUBTITLE 7 OF THIS ARTICLE.~~

26 ~~(E) "ARTS AND ENTERTAINMENT ENTERPRISE" MEANS A FOR PROFIT OR~~
27 ~~NONPROFIT ENTITY LOCATED IN AN ARTS AND ENTERTAINMENT DISTRICT AND~~
28 ~~DEDICATED TO THE VISUAL OR PERFORMING ARTS.~~

29 ~~(F) "ARTS AND ENTERTAINMENT PROJECT" MEANS A PROJECT THAT~~
30 ~~PROMOTES OR ENHANCES THE DEVELOPMENT OF AN ARTS AND ENTERTAINMENT~~
31 ~~DISTRICT.~~

32 ~~[(d)] (G) "Authority" means the Maryland Economic Development Assistance~~
33 ~~Authority.~~

34 ~~[(e)](H) "Brownfields Revitalization Incentive Program" means the Program~~
35 ~~within the Department under which financial assistance from the Fund is provided~~
36 ~~for the redevelopment of qualified brownfields sites, as set forth in § 5-1408 of this~~
37 ~~subtitle.~~

1 jurisdiction in which the project is located and which is a priority for and endorsed by
2 the governing body of that jurisdiction.

3 [(m)] (P) "Local government" means a county or municipality or its designated
4 agency or instrumentality or the Maryland Economic Development Corporation.

5 [(n)] (Q) "Person responsible for the discharge" has the meaning stated in §
6 4-401 of the Environment Article.

7 [(o)] (R) "Qualified brownfields site" means a brownfields site that has been
8 determined by the Department of Business and Economic Development to be eligible
9 for financial incentives under this subtitle.

10 [(p)] (S) "Responsible person" has the meaning stated in § 7-201 of the
11 Environment Article.

12 [(q)] (T) "Significant strategic economic development opportunity" means a
13 project that the Department determines provides a valuable economic development
14 opportunity of statewide, regional, or strategic industry impact.

15 [(r)] (U) "Specialized economic development opportunity" means an animal
16 waste technology project, an aquaculture project, redevelopment of a qualified
17 brownfields site, [or] a project to create or expand a child care facility, OR
18 ASSISTANCE TO AN ARTS AND ENTERTAINMENT ENTERPRISE OR FOR AN ARTS AND
19 ENTERTAINMENT PROJECT.

20 [(s)] (V) "Working capital" means funds to be used for current operations of a
21 business.

22 5-1402.

23 The purposes of the Maryland Economic Development Assistance Fund are to:

24 (1) Expand employment opportunities in the State by providing financial
25 assistance to businesses that are engaged in eligible industry sectors, including
26 financial assistance for creation and expansion of child care facilities, animal waste
27 technology projects, [and] aquaculture projects, AND TO ARTS AND ENTERTAINMENT
28 ENTERPRISES OR FOR ARTS AND ENTERTAINMENT PROJECTS;

29 (2) Provide financial incentives for redevelopment of qualified
30 brownfields sites; and

31 (3) Provide financial assistance to local governments for economic
32 development projects and grants for local economic development funds.

33 5-1405.

34 (b) Financial assistance from the Fund may be used only to finance costs
35 incurred for:

36 (1) Acquisition or construction of a building or real estate;

1 (2) Acquisition, construction, or installation of machinery, equipment,
2 furnishings, fixtures, leasehold improvements, site improvements, or infrastructure
3 improvements, including rail line enhancements on or to the site of an economic
4 development project;

5 (3) Working capital for significant strategic economic development
6 opportunities;

7 (4) Redevelopment of qualified brownfields sites;

8 (5) (i) Except as provided in item (ii) of this paragraph, up to 50% of
9 the costs of renovations, construction, or purchase of real property, fixtures, or
10 equipment related to a child care facility, but not for refinancing existing loans,
11 working capital, supplies, or inventory; or

12 (ii) A business that has received or will receive a day care loan
13 insured by the Maryland Industrial Development Financing Authority; such
14 businesses shall be limited to financial assistance from the Fund of not more than
15 20% of the costs described in item (i) of this paragraph;

16 (6) If incurred by a local government, costs of feasibility studies; [and]

17 (7) Up to 50% of the costs of preparing a county's or municipality's
18 strategy or plan for economic development, not to exceed a total of \$50,000 in a 3-year
19 period; AND

20 (8) FINANCIAL ASSISTANCE PROVIDED TO AN ARTS AND
21 ENTERTAINMENT ENTERPRISE OR FOR AN ARTS AND ENTERTAINMENT PROJECT IN
22 ACCORDANCE WITH § 5-1410 OF THIS SUBTITLE.

23 (c) (1) Financial assistance from the Fund:

24 (i) May not exceed the lesser of \$10,000,000 or 20% of the Fund
25 balance;

26 (ii) Except as provided in item (iii) of this paragraph, may not
27 exceed 70% of the total costs of the project being financed;

28 (iii) May constitute 100% of the total costs of the project being
29 financed if the recipient is the Maryland Economic Development Corporation OR IF
30 THE ASSISTANCE IS FOR AN ARTS AND ENTERTAINMENT ENTERPRISE OR AN ARTS
31 AND ENTERTAINMENT PROJECT;

32 (iv) If a loan for a significant strategic economic development
33 opportunity or for a specialized economic development opportunity, shall carry an
34 interest rate below the market rate of interest, as determined by the Department;

35 (v) If a loan for a local economic development opportunity or to a
36 local government, shall carry an interest rate not exceeding one-eighth of one percent

1 plus the net interest cost of the most recent State general obligation bond issue
2 preceding the approval of the loan;

3 (vi) Shall not bear a rate of interest less than 3% unless the project
4 funded by a loan is located in an area of high unemployment or the Department
5 determines that the borrower is carrying out a compelling economic development
6 initiative; and

7 (vii) May not be used to refinance existing debt.

8 (2) Loans from the Fund may not be for a term exceeding:

9 (i) For working capital - 3 years;

10 (ii) For financing machinery, equipment, furnishings, or fixtures -
11 the lesser of 15 years or the useful life of the asset, as determined by the Department;

12 (iii) For financing the construction or acquisition of buildings and
13 real estate - 25 years; and

14 (iv) For financing redevelopment of a qualified brownfields site - a
15 term approved by the Department or the Authority.

16 (3) For loans from the Fund the Department may:

17 (i) Waive interest during the first 2 years of a loan term; or

18 (ii) Upon a default by the borrower, impose an interest rate that
19 exceeds the limits set forth in paragraph (1) of this subsection.

20 (4) Investments from the Fund may be made only in conjunction with a
21 loan or a grant from the Fund.

22 5-1410.

23 (A) THE DEPARTMENT MAY USE THE FUND TO PROVIDE FINANCIAL
24 ASSISTANCE TO AN ARTS AND ENTERTAINMENT ENTERPRISE OR FOR AN ARTS AND
25 ENTERTAINMENT PROJECT.

26 (B) IN ADDITION TO FINANCING COSTS ENUMERATED IN § 5-1405 (B) OF THIS
27 SUBTITLE, FINANCIAL ASSISTANCE AUTHORIZED UNDER THIS SECTION MAY BE
28 USED FOR WORKING CAPITAL COSTS INCURRED BY AN ARTS AND ENTERTAINMENT
29 ENTERPRISE OR EXPENDED FOR AN ARTS AND ENTERTAINMENT PROJECT.

30 [5-1410] 5-1411.

31 (a) Annually, after considering the recommendation of the Maryland
32 Economic Development Commission, the Authority shall establish a list of industry
33 sectors that will be eligible for loans from the Fund.

1 (b) Before making its recommendation to the Authority, the Maryland
2 Economic Development Commission shall:

3 (1) Consult with the Department and the Department of Labor,
4 Licensing, and Regulation; and

5 (2) Evaluate the potential employment and economic growth of
6 Maryland's industry sectors.

7 (c) In determining whether an applicant is engaged in an eligible industry
8 sector, the Department shall consider the definitions set forth in the standard
9 industrial classification manual.

10 (d) The provisions of this section do not apply to financial assistance to a local
11 government that uses the financial assistance provided under this subtitle to carry
12 out a project that does not benefit a particular private sector entity.

13 (e) For the purpose of providing financial assistance under this subtitle, the
14 following shall be deemed to be in eligible industry sectors and are not subject to the
15 requirements specifically imposed on significant strategic economic development
16 opportunities and local economic development opportunities:

17 (1) Animal waste technology projects;

18 (2) Aquaculture projects;

19 (3) Redevelopment of qualified brownfields sites; [and]

20 (4) Creation or expansion of child care facilities; AND

21 (5) FINANCING OF ARTS AND ENTERTAINMENT ENTERPRISES AND ARTS
22 AND ENTERTAINMENT PROJECTS.

23 [5-1411] 5-1412.

24 (a) Financial assistance provided, or approved to be provided, from the former
25 Animal Waste Technology Fund, the former Maryland Seafood and Aquaculture Loan
26 Fund, the former Brownfields Revitalization Incentive Fund, the former Child Care
27 Facilities Direct Loan Fund, the former Child Care Special Loan Fund, the former
28 Maryland Industrial Land Act, or the former Maryland Industrial and Commercial
29 Redevelopment Fund shall be deemed authorized under this subtitle.

30 (b) Moneys on deposit in the former Animal Waste Technology Fund, the
31 former Maryland Seafood and Aquaculture Loan Fund, the former Brownfields
32 Revitalization Incentive Fund, the former Child Care Facilities Direct Loan Fund, the
33 former Child Care Special Loan Fund, the former Maryland Industrial Land Fund,
34 and the former Maryland Industrial and Commercial Redevelopment Fund shall be
35 transferred to the Fund on July 1, 2000.

1

Article - Tax - General

2 4-104.

3 (E) (1) IN THIS SUBSECTION, "ARTS AND ENTERTAINMENT DISTRICT", "ARTS
4 AND ENTERTAINMENT ENTERPRISE" AND "QUALIFYING RESIDING ARTIST" HAVE THE
5 MEANINGS STATED IN ARTICLE 83A, § 4-701 OF THE CODE.

6 (2) A COUNTY OR A MUNICIPAL CORPORATION MAY EXEMPT FROM THE
7 ADMISSIONS AND AMUSEMENT TAX GROSS RECEIPTS FROM ANY ADMISSIONS OR
8 AMUSEMENTS CHARGE LEVIED BY AN ARTS AND ENTERTAINMENT ENTERPRISE OR
9 QUALIFYING RESIDING ARTIST IN AN ARTS AND ENTERTAINMENT DISTRICT.

10 ~~40-207.~~

11 ~~(V) (1) IN THIS SUBSECTION, "ARTISTIC WORK", "ARTS AND
12 ENTERTAINMENT DISTRICT", AND "QUALIFYING RESIDING ARTIST" HAVE THE
13 MEANINGS STATED IN ARTICLE 83A, § 4-701 OF THE CODE.~~

14 ~~(2) THE SUBTRACTION MODIFICATION UNDER SUBSECTION (A) OF THIS
15 SECTION INCLUDES THE AMOUNT OF INCOME DERIVED WITHIN AN ARTS AND
16 ENTERTAINMENT DISTRICT BY A QUALIFYING RESIDING ARTIST FROM THE
17 PUBLICATION, PRODUCTION, OR SALE OF AN ARTISTIC WORK THAT THE ARTIST
18 WROTE, COMPOSED, OR EXECUTED.~~

19 ~~(3) FOR PURPOSES OF DETERMINING WHETHER INCOME IS DERIVED
20 WITHIN AN ARTS AND ENTERTAINMENT DISTRICT FOR PURPOSES OF THIS
21 SUBSECTION, A QUALIFYING RESIDING ARTIST SHALL ALLOCATE RECEIPTS AND
22 EXPENSES AS THE COMPTROLLER MAY REQUIRE.~~

23 ~~41-229.~~

24 ~~(A) IN THIS SECTION, "ARTISTIC WORK", "ARTS AND ENTERTAINMENT
25 DISTRICT", AND "QUALIFYING RESIDING ARTIST" HAVE THE MEANINGS STATED IN
26 ARTICLE 83A, § 4-701 OF THE CODE.~~

27 ~~(B) THE SALES AND USE TAX DOES NOT APPLY TO THE SALE OF AN ARTISTIC
28 WORK WITHIN AN ARTS AND ENTERTAINMENT DISTRICT IF THE SALE IS IN THE ARTS
29 AND ENTERTAINMENT.~~

30

Article - Tax - Property

31 9-239.

32 (A) IN THIS SECTION, "ARTS AND ENTERTAINMENT DISTRICT" AND
33 "QUALIFYING RESIDING ARTIST" HAVE THE MEANINGS STATED IN ARTICLE 83A, §
34 4-701 OF THE CODE.

35 (B) THE GOVERNING BODY OF A COUNTY OR MUNICIPAL CORPORATION MAY
36 GRANT, BY LAW, A PROPERTY TAX CREDIT AGAINST THE COUNTY OR MUNICIPAL

1 CORPORATION PROPERTY TAX IMPOSED ON A MANUFACTURING, COMMERCIAL, OR
2 INDUSTRIAL BUILDING THAT:

3 (1) IS LOCATED IN AN ARTS AND ENTERTAINMENT DISTRICT; AND

4 (2) IS WHOLLY OR PARTIALLY RENOVATED FOR USE BY QUALIFYING
5 RESIDING ARTISTS OR AN ARTS AND ENTERTAINMENT ENTERPRISE.

6 (C) A TAX CREDIT GRANTED UNDER THIS SECTION MAY NOT BE GRANTED FOR
7 MORE THAN 10 YEARS.

8 SECTION 2. AND BE IT FURTHER ENACTED, That this Act shall take effect
9 July 1, 2001.